



Vegas home prices continue free fall

Current Issue

By [Brian Wargo / Staff Writer](#)

IBLV Blogs

Las Vegas home prices continued to plummet in December, falling to their lowest level since April 2004, according to statistics released this week by the Greater Las Vegas Association of Realtors.

Special Publications

Search In Business

The median price of homes on the Multiple Listing Service sold in December was \$260,000, down \$13,500 or 5 percent from November. Prices are down 15 percent from December 2006, the Realtors group reported. Most listings are existing homes.

In Business on TV

In Business in the Media

Analysts said it's too soon to suggest whether the steep price drop is a sign that the housing correction will continue. Prices were as high as \$315,000 in June 2006, meaning prices have fallen more than 17 percent from that peak.

The List

Sales in December are typically slow, and investors and institutional owners may have wanted to get rid of stock by the end of 2007, and therefore cut the price, said Ken Perlman, vice president of Sullivan Group Real Estate Advisors. In addition, many adjustable rate mortgages are scheduled to reset in early 2008, and sellers wanted to sell their homes before mortgage payments increased.

Book of Lists

Meetings

Event Photos

"December is not a great month as an indicator of the housing market as a whole," Perlman said. "December is a tough time and with the combination of the slow time of year with motivated sellers and adjustable rates resetting, that is why you get a price drop."

Newsletters

About InBusiness

- [Media Kit](#)
- [Subscribe](#)
- [Contact Us](#)

That explanation was echoed by Greater Las Vegas Association of Realtors President Patty Kelley, who said that December, traditionally a slow month for sales because of the holiday, may not be a true reflection of the marketplace because of a large number of homes that are vacant and owned by investors, banks and other lenders.

They sold at deeply discounted prices to get their properties off the books, creating an artificially low median price, she said.

Nearly one-third of the 879 homes sold in the region in December were either repossessed or short sales, Kelley said.

A short sale is when a mortgage holder or bank allows the homeowner to sell the home for less than what is owed on the loan, she said.

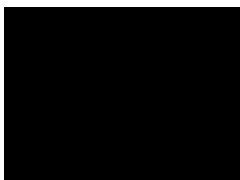
"I believe that percentage may actually be closer to 40 percent of all home sales since banks are under enormous pressure to get these properties off their books," Kelley said.

SalesTraq reports 51 percent of the listings on Jan. 1 were vacant homes.

Dennis Smith, president of HomeBuilders Research, said prices should continue to decline in 2008, possibly another \$20,000, because of the credit crunch that may make it more difficult for buyers to purchase homes.

Builders have cut prices to sell homes, and homeowners realize they have to do the

More bang for your business.



Local Directory

Annuities
Answering Service
Apply for Jobs
Architects
Audio Conferencing
Background Screening
Bankruptcy / Debt
Benefits / HR Outsourcing
BluRay Duplication
Branding
Business Continuity
Business Credit Cards
Business Insurance
Business Intelligence

same if they want to sell, Smith said.

Larry Murphy, president of SalesTraq, said he wouldn't be surprised if prices fall to \$250,000 and flatten in the first quarter.

Some analysts, however, contend the price declines in Las Vegas are far from over.

Fisrev Lending Solutions, a Massachusetts-based home price research firm, predicts prices in Las Vegas will fall 17 percent this year. The firm reports the prices are "out of whack" with historical norms and said demand is dwindling from speculators.

Despite the drop in prices, buyers aren't scooping up the houses. The 879 homes sold in December were 9.2 percent below November and 47 percent below December 2006.

"People buy on the way up, but they don't buy on the way down," Murphy said. "They are waiting for it to hit the bottom."

The one interesting trend to follow is what's happening to inventory. The number of homes available at the end of December was 22,005, down 6.3 percent from November. There were 3,386 new listings in December, down 17 percent from November.

Analysts said it's too soon to say whether that's a seasonal trend because people don't want to list their homes during the holidays. Others may be signaling they aren't willing to cut their prices and prefer to hold onto their home for now.

Given the limited sales in December, the inventory remains at 21 months despite a reduction in new listings, Murphy said.

Smith said the market won't know if inventory is declining until the spring.

Perlman suggested some homeowners don't want to lose any more equity in their homes and are holding off on selling. That can stagnate the market because those people won't buy new homes until they sell their existing ones, he said.

In the condo and town house market, the median sales price in December increased 2.8 percent to \$185,000. That's 5.1 percent lower than December 2006.

The number of condos and town houses listed for sale declined by 8 percent from November.

The 167 units sold in December were up 3 percent over November, but down 55 percent from December 2006.

Brian Wargo covers real estate and development for In Business Las Vegas and its sister publication, the Las Vegas Sun. He can be reached at 259-4011 or at wargo@lasvegassun.com.

[IBLV Homepage](#)



A member of the Greenspun Media Group, publishers of:
Celebrity Week | Home & Design | In Business | Las Vegas Life | Las Vegas SUN
Las Vegas Weekly | Ralston/Flash | LV Magazine | Vegas Golfer | VEGAS Magazine

